



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
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First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

November 25, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**TEN-YEAR LEASE
DEPARTMENT OF MENTAL HEALTH
4701 EAST CESAR CHAVEZ AVENUE, EAST LOS ANGELES
(FIRST DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached 10-year lease agreement (Attachment B) with the County of Los Angeles Community Development Commission (CDC), (Landlord), for 10,073 rentable square feet of office and clinic space at the East Los Angeles Family Resource Center located at 4701 East Cesar Chavez Avenue in the unincorporated Los Angeles County community of East Los Angeles. The leased space is for the Department of Mental Health (DMH) Family Mental Health Center (FMHC) at an initial annual cost of \$145,051, plus an initial one-time cost of \$535,945 for tenant improvements, which will be fully funded by State and Federal sources.
2. Find that the Lease is exempt from the provisions of the California Environmental Quality Act (CEQA) Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
3. Approve the project and authorize the Chief Administrative Office (CAO) and DMH to implement the project. The Lease will be effective upon approval by your Board and execution by CDC.

The Honorable Board of Supervisors
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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to enter into the lease whereby DMH will relocate the FMHC from the Roybal Health Center at 245 South Fetterly Avenue, Los Angeles to the second floor of the East Los Angeles Family Resource Center. The Association League of Mexican Americans (ALMA) will occupy the first floor of the building. DMH and ALMA will share a conference room on the second floor. The relocation of the FMHC will alleviate overcrowded conditions at the Roybal Health Center, resulting in improved client services, employee morale, and productivity. DMH and the Department of Health Services (DHS) co-occupy the Roybal Health Center, and DHS will backfill all space vacated by DMH.

The proposed premises will house approximately 37 DMH full-time employees who provide child, adolescent, and adult mental health therapy and rehabilitation services for the residents of East Los Angeles and adjoining communities.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we enhance the productivity of the County workforce through improvement of the workplace environment and strengthen the County's fiscal capacity (Goal 2, Strategy 2, and Goal 4). In this case, the proposed lease will provide housing for State and Federally funded programs providing services to the community in a fiscally responsible manner, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The initial annual rental cost will be \$145,051. This amount consists of two components, operating expense rent and capital improvement rent. The operating expense rent is an allowance used to cover building operations such as utilities, janitorial services, maintenance, property management, security, parking, landscaping, and insurance expenses. The capital improvement rent is an allowance used to cover major repairs.

Operating Expense Rent is somewhat higher than typical operating expenses for a standard office building because the FMHC will be an office/clinic/community resource center which will provide direct services to families. Both the operating expense rent and the capital improvement rent are subject to increases upon request of the landlord and approval by the CAO. The rents are also subject to audit by the County at the end of each 24-month period. Any excess payments made by the County will be used as an offset to future rent payments, except for a base amount to be retained by CDC for emergencies.

Pursuant to the Lease, the Landlord is responsible for providing accounting statements to the tenant every two years substantiating how all operating expense and capital improvement rental payments have been expended. The review and auditing of the accounting statements will determine if the operating expense rent is to be increased or decreased, or if surplus rental payments are to be used to offset future rent payments.

The Landlord is allowed to request rent increases at any time, subject to verification that the building's operating expenses and capital improvement expenses have exceeded the Operating Expense and Capital Improvement rental payments, respectively. Any rental increase implemented pursuant to Landlord's request shall be effective only until the next pre-scheduled adjustment date.

Proposed Lease	4701 East Cesar Chavez Avenue
Area (Square Feet)	10,073
Term (Years)	10 years, commencing upon Board's approval and execution by the CDC
ANNUAL RENT	
Operating Expense Rent*	\$132,964 (\$13.20/sq.ft.)
Capital Improvement Rent*	\$ 12,088 (\$ 1.20/sq.ft.)
TOTAL ANNUAL RENT*	\$145,051 (\$14.40/sq.ft.)
TI Allowance**	\$535,945
Cancellation	Anytime after November 1, 2010, upon 180 days' notice.
Option to Renew	Two 5-year options
Parking (included in Rent)	20 spaces

* The Operating Expense and Capital Improvement rents are subject to audits and adjustments. Upon lease commencement, half of the annual rent is payable. Monthly rental payments commence on the 7th month of the term and continue every month thereafter.

** This reimbursable TI allowance is payable to Landlord in lump sum within 30 days of lease commencement.

Sufficient funding for the proposed lease cost is included in the 2003-04 Rent Expense Budget and will be billed back to DMH. DMH has sufficient funds in its 2003-04 operating budget to cover the projected lease costs. The costs associated with the proposed lease are fully funded through a combination of Federal and State funds, including Sales Tax Realignment Revenue.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Family Resource Center was recently constructed as a build-to-suit facility pursuant to a Development Agreement between DMH and CDC. The facility comprises approximately 21,000 square feet and consists of office, clinic, and childcare space and a therapy pool. Pursuant to Board approval on July 16, 2002, and in consideration of the \$1,900,000 provided by DMH towards construction of the building, the Lease has been structured with gratis base rent. ALMA and DMH will pay all building operating and maintenance costs in proportion to the amount of occupied space. The proposed 10-year Lease comprises 10,073 rentable square feet of office and clinic space, or 48 percent of the building, along with 20 parking spaces. Because this Lease is between CDC and DMH, certain provisions in the lease are non-standard clauses typically not found in leases where the private sector is the landlord. The proposed Lease contains the following provisions:

- The term commences upon approval by your Board and execution by the CDC and terminates 10 years thereafter.
- A cancellation provision allowing the County to cancel at any time after November 1, 2010 upon 180 days' advance notice to Landlord.
- A reimbursable TI allowance in the amount of \$535,945 is payable to the Landlord within 30 days of lease commencement.
- Rental payments include an operating expense allowance to cover the building's operating costs, and a reserve and a capital improvement allowance to cover major building repairs. Initially, the operating expense rent shall be \$13.20 per square foot per year and the capital improvement rent shall be \$1.20 per square foot per year. The rental rates were agreed upon based on projected expenses and a reserve for unexpected or emergency events.

- Biannual audit of the operating expense account whereby the Tenants' excess operating expense rental payments will be used to offset future rental payments. Operating expense rental payments will be increased to offset actual increases in operating expenses or decreased in proportion to actual decreases in operating expenses. All operating expense rental payments received from the Tenants that exceed actual operating expenses shall be considered excess rental payments that will be refunded to the Tenants in the form of a rent credit, to be applied to future rental payments after \$72,000 in operating expense reserve funds have been established. At the end of the term, any funds remaining in the operating expense account, after \$72,000 in operating expense reserve funds have been established, will be refunded to the Tenants on a pro-rata basis.
- Biannual audit of the capital improvement account. At the end of the term, any funds remaining in the capital improvement account, after \$250,000 in capital improvement reserve funds have been established, will be refunded to the Tenants on a pro-rata basis.
- A cap on rent credits will allow the Landlord to maintain sufficient reserves in the operating expense and capital improvement accounts to maintain the facility throughout the lease term.
- County has the option to renew this lease for two additional five-year periods, subject to Board approval, by giving Landlord 120 days' prior written notice. The existing terms of the Lease will prevail in the event the County exercises the renewal options.
- The Lease includes 20 staff and 19 visitor on-site parking spaces. CDC has agreed to make 10 additional off-site parking spaces available for DMH staff use. However, CDC is unable to commit to this off-site parking arrangement on a long-term basis, and a parking shortage may need to be resolved in the future.

The Department of Public Works has issued the Certificate of Occupancy for the proposed facility.

The proposed Lease is between two County-related agencies and does not require Real Estate Management Commission review.

The Honorable Board of Supervisors
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Childcare space has been incorporated into the first floor of the facility, and ALMA will provide the childcare services.

ENVIRONMENTAL DOCUMENTATION

The CAO has evaluated the Mitigated Negative Declaration adopted by the Board of Commissioners of the CDC on July 16, 2002 in connection with the development and operation of the proposed facility, and has concluded that this project is exempt from CEQA as specified in Class 1, Section r of the Environmental Document Reporting The Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines. The adopted Mitigated Negative Declaration addressed the building and its use as a public facility; thus, the proposed lease is exempt because it entails the use of the building, which was previously addressed and reported.

The Landlord contracted with Hart Laboratory to perform a Phase I Environmental Site Assessment (ESA) prior to site development, and Hart Laboratory issued a Phase 1 report in July 2001 indicating no evidence exists of adverse environmental conditions. In December 2001, First USA RE issued a Phase II ESA which stated the site does not contain any evidence of adverse environmental conditions. The Phase I and Phase II ESA did not recommend further investigation or any type of site remediation due to former underground storage tanks that were located at the site.

Upon commencement of the construction process, contaminated soil was identified and immediately remediated. The Landlord contracted with Rincon Consultants, Inc. to manage the environmental condition. Rincon contracted with Ambient Environmental to perform soil remediation. Ambient Environmental issued a report titled "Lead Contaminated Soil Removal Closeout Report" and dated December 9, 2002, which indicates a letter of completion was issued by the County of Los Angeles Department of Health Services.

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease is in the best interest of the County and will continue to provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DMH concurs in this lease recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease agreement and the adopted, stamped Board letter, and two certified copies of the Minute Order to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CEM:KW:hd

Attachments (2)

c: County Counsel
Department of Mental Health

4701CEChavez.b

**DEPARTMENT OF MENTAL HEALTH
4701 EAST CESAR E. CHAVEZ AVENUE, LOS ANGELES**

Asset Management Principles Compliance Form¹

1. Occupancy	Yes	No	N/A
A Does lease consolidate administrative functions? ² Administrative functions will remain centralized at DMH Headquarters.			X
B Does lease co-locate with other functions to better serve clients? ²	X		
C Does this lease centralize business support functions? ²			X
D Does this lease meet the clinic guideline of 250 sf of space per person? ² This lease exceeds the guidelines for clinic space because this was a unique build-to-suit project. (10,073sf / 37fte = 272sf per person)		X	
2. Capital			
A Should program be in leased space to maximize State/Federal funding?		X	
B If not, is this a long term County program?	X		
C Is it a net County cost (NCC) program? 0.00%		X	
D If yes to 2 B or C; capital lease or operating lease with an option?		X	
E If no, are there any suitable County-owned facilities available?		X	
F If yes, why is lease being recommended over occupancy in County-owned ?			X
G Is Building Description Report attached as Attachment B?		X	
H Was build-to-suit or capital project considered? Project is a build-to-suit project.	X		
3. Portfolio Management			
A Did department utilize CAO Space Request Evaluation (SRE)?		X	
B Was the space need justified? DMH and the 1st District justified the need.	X		
C If a renewal, was co-location with other County departments considered ?			X
D Why was this program not co-located?			
1. The program clientele requires a "stand alone" facility.			
2. X No suitable County occupied properties in project area.			
3. No County-owned facilities available for the project.			
4. Could not get City clearance or approval.			
5. The Program is being co-located.			
E Is lease a full service lease? Instead of paying rent, DMH will pay operating and maintenance costs.		X	
F Has growth projection been considered in space request?			X
G Has the Dept. of Public Works completed seismic review/approval? The proposed facility was built in 2003.		X	
¹ As approved by the Board of Supervisors 11/17/98			
² If not, why not?	Please bold any written responses		

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT**

DEPARTMENT: Mental Health, as Tenant

LANDLORD: Community Development Commission of the County of Los Angeles

4701 East Cesar Chavez Avenue, Los Angeles

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COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT

THIS LEASE is entered into as of the _____ day of _____, 2003 between the COMMUNITY DEVELOPMENT COMMISSION of the County of Los Angeles, a public body, politic and corporate ("Landlord"), and the COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

- (a) Landlord's Address for Notice: Executive Director
Community Development Commission
of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
- (b) Tenant's Address for Notice: Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012
- With a copy to:
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 830-0927
- (c) Premises: Approximately 10,073 rentable square feet
in the Building (defined below) as shown
on Exhibit A attached hereto.
- (d) Building: The building located at 4701 East Cesar
Chavez Avenue, East Los Angeles which
is located upon the real property described
more particularly in Exhibit B attached
hereto (the "Property") which shall exclude
the Aquatic Programs Pool facility.

(e) <u>Term:</u>	Ten (10) years commencing upon execution of this Lease by the County Board of Supervisors, and Tenant's Acceptance of the Premises as defined in Section 4(a) (the "Commencement Date"); and terminating at midnight on the day before the tenth anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17
(f) <u>Projected Commencement Date:</u>	November 2003	18 19 20
(g) <u>Commencement Date:</u>	TBD	21 22
(h) <u>Irrevocable Offer Expiration Date:</u>	N/A	23 24 25 26
(i) <u>Rent:</u>		27
i) Basic Rent	\$0	28 29
ii) Operating Expense Rent	\$11,080.30 per month (or \$1.10 per rentable square foot per month)	30 31 32 33
iii) Capital Improvement Rent	\$1,007.30 per month (or \$.10 per rentable square foot per month)	34 35 36 37 38 39 40 41
(j) <u>Early Termination Notice Date:</u>	November 1, 2010	42 43 44
(k) <u>Rentable Square Feet in the Premises:</u>	10,073	45 46 47
(l) <u>Use:</u>	General office use or for any other lawful purposes not incompatible with other uses in the Building and Redevelopment Area, as further defined in Section 6 ("USES").	48 49 50 51 52
(m) <u>Initial Departmental Use:</u>	Mental Health	53 54 55 56

- (n) Parking Spaces: Twenty (20) on-site parking spaces.
- (o) Normal Working Hours: 7:00 a.m. to 7:00 p.m., Monday, Tuesday, Wednesday and Friday; 7:00 a.m. to 9:00 p.m., Thursday; and 7:00 a.m. to 3:00 p.m., Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.
- (p) Asbestos Report: N/A, Building constructed in 2003.

Defined Terms Relating to Landlord's Work Letter

- (q) Base Tenant Improvement Allowance \$0.00
- (r) Additional Tenant Improvement Allowance \$535,945.00
- (s) Maximum Change Order Allowance \$0.00
- (t) Additional Tenant Improvement and Change Order Amortization Rate: N/A
- (u) Basic Rent Reduction 0 Dollars (\$ ____) per month
- (v) Tenant's Work Letter Representative N/A
- (w) Landlord's Work Letter Representative N/A
- (x) Landlord's Address for Work Letter Notice N/A
- (y) Tenant's Address for Work Letter Notice N/A

1.2 Exhibits to Lease:

Exhibit A - Floor Plan of Premises
Exhibit B- Legal Description of Property
Exhibit C - Commencement Date
Memorandum and Confirmation of Lease
Terms
Exhibit D - HVAC Standards
Exhibit E - Cleaning and Maintenance
Schedule
Exhibit F – Common Areas Rules

1.3 Supplemental Lease
Documents: (delivered to Landlord and
made a part hereof by this reference):

Document I: Renewal and Right of First
Offer Addendum

2. PREMISES.

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

(b) Landlord represents that the demised Premises consist of a maximum of 10,073 rentable square feet, and that at no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES.

(a) Term. The term shall commence upon execution of this Lease by the County Board of Supervisors and Tenant's Acceptance of the Premises, and terminate Ten (10) years thereafter. Landlord and Tenant shall acknowledge in writing the Commencement Date, upon Tenant's acceptance of the Premises, by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are Substantially Complete, Tenant has inspected the Premises and Tenant has accepted the Premises. The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent; (4) Tenant has been provided with the number of parking spaces to which it is entitled under this Lease; and (5) if Landlord is responsible for the installation of telecommunication systems, then such systems shall be operational pursuant to the specifications provided by Tenant.

(b) Termination Right. If the Commencement Date has not occurred within ninety (90) days from the Projected Commencement Date, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder.

(c) Early Possession. Tenant shall be entitled to possession of the Premises not less than thirty (30) days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay any Rent for such early occupancy period.

(d) Early Termination. Tenant shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than one hundred eighty (180) days prior written notice executed by the Chief Administrative Officer of Tenant.

5. RENT. In consideration of the benefits to the community by Tenant's program to be housed in the subject facility and Tenant's contribution toward the construction costs, Landlord agrees to provide the Premises to Tenant on a gratis basis for the Basic Rent.

Notwithstanding the gratis Basic Rent, Tenant shall pay to Landlord its pro-rata share of the Operating Expenses based on a monthly Operating Expense Rent of \$11,080.30, which shall be subject to audits and adjustments at the end of the initial two (2) years of the term and every two years thereafter, or sooner as may be requested by Landlord pursuant to Paragraph 30 herein.

Additionally, Tenant shall pay to Landlord a Capital Improvement Rent in the amount of \$1,007.30 per month, which shall be subject to audits and adjustments pursuant to Paragraph 31 herein.

All rental payments shall be made within fifteen (15) calendar days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Rent for any partial month shall be prorated in proportion to the number of days in such month.

Upon commencement of the term, as evidenced by the execution of the Commencement Date Memorandum, Tenant agrees to pay the initial six (6) monthly rental payments in the amount of \$72,525.60. Thereafter, Tenant agrees to make monthly rental payments in the amount of \$12,087.60 beginning on the first day of the seventh (7th) month of the initial term and every month thereafter.

6. USES.

(a) Use. Throughout the initial five (5) years of the term of this Lease, the Premises shall be used by Tenant for the operations of the Department of Mental Health and related uses, primarily for the service of persons with disabilities. Tenant shall not use or permit the use of the Premises and Common Areas in any manner which (i) creates a nuisance, (ii) violates any Law or (iii) is inconsistent with the Redevelopment Plan for the Los Angeles County Maravilla Redevelopment Project and its successors.

(b) Income Requirements for Households Served. Throughout the initial five (5) years of the term of this Lease, Once the Building is open and made available to the public, a minimum fifty-one percent (51%) of those children or other persons served at the Premises shall be from low-and moderate-income households on a continuous basis. The developmentally disabled are a presumed group pursuant to 24 CFR 570.208(a)(i)(A), and will not require income documentation but will require collection by the Tenant of ethnicity and single head of household status for each household being served by the facility.

Low and moderate income households are those households whose household incomes fall below eighty percent (80%) of median household income as defined by the United States Department of Housing and Urban Development (HUD), adjusted for household size.

(c) No Discrimination. The Tenant herein covenants by and for itself, its officers, employees, agents, administrators and assigns that there shall be no discrimination against or segregation of any person or group of persons, on account of race, religion, creed, color, national origin, ancestry, marital status, sex or sexual orientation in the use or enjoyment of the Improvements, nor shall the Tenant itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subleases, subtenants, or vendees for the Improvements.

(d) Monitoring. Once the Building is made available for public use, the Tenant shall complete the Quarterly Performance Report that is mandated by the U.S. Department of Housing and Urban Development (HUD) by compiling and providing Direct Benefits Information. The Tenant shall report this Direct Benefits Information to the Landlord only during the program year that the construction of the facility was completed and made available to the public. The Landlord will verify that the HUD national objective has been met in accordance with HUD regulations and the Tenant's policy as set forth in CDBG Bulletin No. 01-0059, dated October 29, 2001.

The Landlord and the Tenant shall comply with HUD regulation, 24 CFR 570.506, "Records to be Maintained." The Tenant shall collect the records for the first program year after the Building is made available for the public use, maintain the records for five (5) years subsequent to the Building being available for public use, and shall enable the Landlord to conduct an onsite review of these records to verify compliance with the following HUD national objective:

- i) Income documentation for beneficiaries of the facility, evidencing that at least 51 percent of the clientele are persons whose family income does not exceed the low to moderate income limit which is 80% of the County's median income for the Los Angeles-Long Beach Metropolitan Statistical Area.

The Tenant must receive authorization from the Landlord to use the "Public Service Self Certification Form" (the "Form") to collect family income information in those instances where the Tenant is unable to obtain complete income documentation from the Center's beneficiaries. The Tenant must ensure that the Form contains the current income guidelines, and the completed Forms are maintained in a manner to facilitate the Landlord's monitoring review. The Forms must be fully completed, signed, and dated by the beneficiaries, as well as approved by a Tenant's authorized staff member. If the scope of the facility's activity changes, the Tenant shall submit a new request to the

Landlord for authorization to use the "Public Service Self-Certification Form." For Federal reporting and monitoring purposes, the Tenant shall collect and maintain the following information for each beneficiary of the Center:

- ii) The name, address, ethnicity and single head of household status.
- iii) The census tract number of the place of residence.

Throughout the initial five (5) years of the term of this Lease, The Tenant shall market the facility's services to residents of the Los Angeles Urban County, which includes the unincorporated areas of the County and the cities participating in the Los Angeles Urban County Community Development Block Grant (CDBG) Program.

The Landlord and the Tenant shall comply with HUD regulation, 24 CFR 570.505, "Use of Real Property." The Tenant shall maintain the use of the facility consistent with the HUD national objective for a period of not less than five (5) years. If the Tenant changes the use of the facility during the initial five (5) years of the term of this Lease, the Landlord must be reimbursed in the amount of the current fair market value of the Building, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition and improvement of the Property and Building.

After the initial five (5) years of the term of this Lease, Tenant shall not be required to complete or submit any CDBG or HUD forms, documentation, etc., and Landlord agrees that the demised Premises together with all appurtenances thereto belonging or in any wise appertaining, shall be used by the Tenant as Clinic and/or Office space and for other governmental purposes or lawful purposes that are consistent with Section 6(a).

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon ninety (90) calendar days written notice from Landlord or thirty (30) calendar days written notice from the Chief Administrative Officer of Tenant at the last monthly Operating Expense Rent payable under this Lease (as such Operating Expense Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) calendar days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten (10) business days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material Default hereunder. Operating Expense Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) calendar days for any reason, then Tenant may terminate this Lease by giving written notice within ten (10) business days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Operating Expense Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds or self-insurance funds are available to repair the damages.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) calendar days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is thirty (30) calendar days after such written notice of termination.

10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents to Tenant that (i) the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including use the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; and (iii) the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined) and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises

and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed but not less often than after seven (7) years of use); (2) interior partitions; (3) doors; (4) the interior side of demising walls (which shall be repainted as needed but not less often than every five (5) years and (5) signage. Without limiting the foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed, (b) be at least equal in quality, value and utility to the original work or installation, (c) be in accordance with all laws.

(c) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five (5) business days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action.

11. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises:

(a) HVAC. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit D attached hereto.

(b) Electricity. Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings but in any event not less than seven (7) watts of electric current (connected load) per square foot of Rentable Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or subpanels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

(c) Elevators. Landlord shall furnish passenger elevator services to the Premises during Normal Working Hours. During all other hours, Landlord shall furnish passenger elevator service in the Premises on an as needed basis.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Janitorial. Landlord shall provide janitorial service on five (5) nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven (7) day per week, twenty-four (24) hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, Operating Expense Rent shall be prorated based upon the percentage of the Premises or Building rendered untenable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

13. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Default") shall constitute a material default and breach of this Lease by Tenant:

(i) the failure by Tenant to make any payment of Operating Expense Rent, Capital Improvement Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten (10) business days after written notice to Tenant;

(ii) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) calendar days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (30) calendar days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9, 10, 19 and 20, Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within five (5) business days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10) ; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such five (5) business day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have, at its option, with or without further notice or demand of any kind to Landlord or any other person, all rights and remedies provided at law or in equity or elsewhere herein.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to affect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

15. ASSIGNMENT AND SUBLETTING. Tenant may not assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent; provided, however, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease and if the assignee's proposed use is in compliance with Section 6 (Uses) herein.

16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first submitting scope of work description and drawings to Landlord and obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. If Landlord fails to respond in writing within thirty (30) calendar days of such request, Landlord shall be deemed to approve the Alterations. Tenant shall be solely responsible for obtaining all permits or other governmental approvals, if any are required, in connection with any alterations or additions.

(b) End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

17. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within thirty (30) calendar days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than thirty (30) calendar days nor later than ninety (90) calendar days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of

Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within thirty (30) calendar days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Operating Expense Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within thirty (30) calendar days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within ninety (90) calendar days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Operating Expense Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. Condemnation awards or payments shall be the property of Landlord, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Tenant shall be entitled to any compensation for Tenant's relocation expenses, tenant improvements, trade fixtures, loss of business or goodwill, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All alterations, telecommunication and utility installations made to the Premises by or for Tenant shall be considered the property of the Tenant, for condemnation purposes only, and Tenant shall be entitled to any and all compensation which is payable therefor. In the event this Lease is not terminated as part of the Condemnation process, Landlord shall repair any damage to the Premises caused by such Condemnation.

Notwithstanding the provisions stipulated herein, any award for the taking of the fee or as severance damages, shall be split between Landlord and Tenant whereby the Landlord shall be entitled to 75% of said award and Tenant shall be entitled to 25% of said award.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

18. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act or omission or willful misconduct of Tenant or its employees, Tenant's invitees and Tenant's visitors or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

Notwithstanding the provisions stipulated herein, Tenant shall not indemnify Landlord and Landlord shall not indemnify Tenant against any and all loss, cost, expense (including attorney fees), arising from any injury or damage to any other tenant's invitees, other tenant's visitors, or property, occurring in or about the Aquatic Programs Pool Facility as defined in Exhibit A.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

19. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30 or its equivalent), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Insurance proceeds shall be payable to the Landlord and be utilized for repair and restoration of the Premises. Landlord, at its sole option, shall use commercial insurance and/or self-insurance coverage or any combination thereof to satisfy these requirements:

(i) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

(ii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or failure to use any insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease.

(b) Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "A VII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Tenant shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry. Landlord, at its sole option, shall use commercial insurance and/or self-insurance coverage or any combination thereof to satisfy the above requirements.

(c) Certificates. Each party to this Lease shall deliver to the other party on the Commencement Date of this Lease and thereafter at least fifteen (15) business days prior to expiration of any insurance required to be carried hereunder, certificates of insurance or self-insurance evidencing the required coverages with limits not less than those specified herein. Certificates must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy or self-insurance program, as required. Further, all certificates shall expressly provide that no less than thirty (30) calendar days' prior written notice shall be given to the Landlord and Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

(e) Tenant's Insurance. During the Term of this Lease, Tenant shall maintain a program of insurance coverage as described below. Tenant, at its sole option, shall use commercial insurance and/or self-insurance coverage or any combination thereof to satisfy these requirements:

(i) Workers' Compensation and Employer's Liability Insurance providing workers compensation benefits as required by the Labor Code of the State of California and including Employer's Liability coverage with limits of not less than \$1,000,000 for each accident, \$1,000,000 for disease on each employee and a disease policy limit of \$1,000,000; and

(ii) Broad Form Commercial General Liability Insurance with limits of not less than \$2,000,000 for the general aggregate, \$2,000,000 for products/complete operations aggregate and \$1,000,000 for personal and advertising injury, and \$1,000,000 for each occurrence. Landlord shall be an additional insured with respect only to liability arising from Tenant's sole negligence in its use of the leased Premises.

(iii) Failure by Tenant to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease shall constitute a material breach of this Lease.

(f) Self-Insurance. So long as the County is the tenant under this Lease, Tenant may self-insure against any or all risks for which Tenant is required to obtain insurance hereunder, to the same extent as required by policies of insurance that Tenant is obligated to maintain hereunder.

20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of reserved parking stalls set forth in Section 1 without charge during the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the use of Tenant, rather, all such parking spaces are to be used on an exclusive basis by other tenants, occupants, licensees, invitees and permittees of the Building.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receives all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) Tenant may (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective thirty (30) calendar days thereafter.

21. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. The prohibitions in this Section 21 shall not apply to those chemicals necessary and customary for the operations and maintenance of the on-site Aquatic Programs Pool Facility.

(b) Indemnification.

(i) Tenant and Landlord acknowledge that a portion of the Land has been determined to contain certain hazardous materials, that the Landlord has provided to Tenant information regarding Landlord's due diligence activities, and Tenant and Landlord have each conducted their own independent due diligence regarding known existing hazardous materials with respect to the proposed use of the Land.

(ii) Tenant and Landlord acknowledge that the following activities have occurred regarding hazardous materials and the proposed use of the Land:

- (a) In performance of Landlord's due diligence on the site, Landlord caused to be prepared the following documents: a) a Phase I Environmental Site Assessment prepared by Hart Laboratory, dated July 31, 2001; b) a Phase II Sampling and Analysis Report prepared by First USA RE., Inc., dated December 2001; and c) Soil Remedial Excavation Summary for the Property.
- (b) Landlord and Tenant have independently reviewed all documents identified in item 1 above.
- (iii) Tenant covenants that it shall not (i) release "Hazardous Materials" (as defined below) in violation of Environmental Laws (as defined below) in, on or upon the Site, or (ii) during the term of this Lease, permit the release of Hazardous Materials in violation of Environmental Laws in, on or upon the Site or the Project. Tenant further covenants and agrees to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials released in, on or upon the Site or the Project in violation of Environmental Laws from and after the date hereof and during Tenant's lease, control or occupancy of the Site or the Project to the extent required by and in accordance with the requirements of the Environmental Laws. The foregoing shall not be construed or understood to prohibit Tenant from allowing Hazardous Materials to be brought upon the Project so long as such Hazardous Materials are materials which are customary and common to the normal course of business in the operation of the facility and so long as such materials are used, stored and disposed of in accordance with Environmental Laws. Tenant agrees to indemnify, defend and hold Landlord and its members, directors, agents, officers and employees ("Landlord Parties") harmless from and against any Claims arising directly or indirectly out of the presence of Hazardous Materials in, on or upon the Site or the Project, in violation of this Section 21, including without limitation any Claims arising out of any release of Hazardous Materials described hereinabove or out of Tenant's failure to remove or remediate all such Hazardous Materials released in violation of Environmental Laws in, on or upon the Site and the Project, as required above.

(iv) Tenant hereby releases, waives and discharges Landlord and its agents, officials and representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all losses and liabilities arising out of or in any way connected with Tenant's ownership, lease, control or occupancy of the Site, operation of the Project, and in connection with such release and waiver Tenant is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

For purposes of this Lease, the term "Hazardous Materials" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation (collectively, "Environmental Laws"), including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 6901 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

22. ESTOPPEL CERTIFICATES. Tenant shall, within thirty (30) calendar days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

23. TENANT IMPROVEMENTS. In addition to the Base Building Systems, Landlord shall provide Tenant with an Additional Tenant Improvement Allowance to incorporate Tenant's low-voltage requirements, including but not limited to voice and data telecommunications, intrusion alarm, paging system, etc. in the maximum amount of \$536,000. Upon acceptance of the low-voltage systems, Tenant shall reimburse to Landlord, in a lump sum payment to be made within 30 calendar days from the date of Tenant acceptance of the low-voltage, the amount of Additional Tenant Improvements actually expended on the project. Tenant shall have the right to audit and verify the actual expenditures made within twenty-four (24) months from the date Tenant accepts the Premises for its beneficial occupancy and actually commences conducting its business from the subject Premises. If as a result of Tenant's audit, Tenant disagrees with Landlord's original presentation as to the amount expended on low-voltage, Tenant shall be entitled to a refund of the overpayment, provided Tenant has provided Landlord with its request for a refund with the basis for its request.

Any additional tenant improvements, required by Tenant during the Lease term beyond the low-voltage improvements mentioned above, shall be either performed by Tenant itself or subject to lump sum reimbursement by Tenant to Landlord provided the improvements were performed and completed by Landlord. Additionally, such improvements shall be subject to Landlord's approval which shall not be unreasonably withheld.

24. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

25. SUBORDINATION AND MORTGAGES

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within thirty (30) calendar days after the execution of this Lease.

(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten (10) business days within which to cure such Default.

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture). In the event Landlord removes the Tenant's fixtures, equipment and/or personal property, Tenant shall reimburse Landlord for said reasonable removal costs.

27. SIGNAGE. Tenant shall be permitted to install at the Premises reasonably appropriate signs, subject to Landlord's written approval, that conforms with any and all applicable laws and ordinances.

28. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

29. GENERAL

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) Entire Agreement. This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(d) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(e) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(f) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(g) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(h) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(i) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within thirty (30) days after written request is made therefore, together with all necessary information.

(k) Community Business Enterprises Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(l) Memorandum of Lease If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

30. OPERATING EXPENSE RENT ADJUSTMENT. Within thirty (30) calendar days after the twenty-fourth (24th) month of the term and every twenty-four (24) months thereafter, Landlord shall provide Tenant with full accounting statements of the beginning balance of the operating expense account, all income into the operating expense account and all operating expenses incurred and paid over the previous twenty-four (24) month period. The monthly Operating Expense Rent of \$11,080.30 shall be adjusted upwards or downwards after \$72,000 in operating expense reserve funds have been established. The monthly Operating Expense Rent adjustment shall be based on Tenant's proportionate share in any increases or decreases in operating expenses during the previous two years.

In the event, the accounting statements indicate a surplus of total operating expense funds collected from all tenants in an amount greater than the \$72,000 reserve amount based on Operating Expense Rent collected but not expended. Tenant shall have the right to apply its share of said surplus funds, based on its share of contributions to the operating expense account, to upcoming monthly operating expense rental payments and/or monthly capital improvements rental payments, provided Tenant is not in default under the terms of this Lease.

Upon a written request from Landlord enumerating and documenting the reason for the request (such as a sudden increase in the actual Operating Expenses, the depletion of the fund due to an emergency, etc.), the Operating Expense Rent, as set forth in Paragraph 5, shall, subject to approval by the County's Chief Administrative Officer, be adjusted upwards or downwards to reflect actual operating expense requirements. Such approval shall not be unreasonably withheld by the Tenant. In the event, such approval is withheld, Landlord and Tenant agree to submit the matter to arbitration, whereby the arbitration ruling shall be binding.

An approved rental adjustment, pursuant to Landlord's request, prior to the 24th month adjustment date, shall be immediately effective, and continue for the remaining period of the existing 24 month adjustment period. For instance, if Landlord requests an adjustment on month 30th of the term, then this adjustment would be in effect until the 48th month.

At the end of the 120th month of the term or at the termination of this Lease, whichever is sooner, any Operating Expense Rent funds, collected by Landlord but not expended and in excess of \$72,000, shall be refunded to Tenant in a lump sum based on Tenant's proportionate share, within 30 calendar days of Tenant's review of the accounting statements.

Operating expenses shall include, without limitation, all reasonable and necessary costs of any kind paid or incurred for the operation, servicing, repair, maintenance (in neat, clean, safe, good order and condition) of the Premises/ Building, which shall include the following:

- a) Maintenance, repair and replacement of the Premises/Building finishes including but not limited to painting walls and replacing the floor coverings and building/premises finishes.
- b) Maintenance, repair, and replacement of the HVAC, plumbing, electrical, and life-safety equipment and systems.
- c) Trash, disposal, janitorial and security services.
- d) Liability and property insurance costs as well as insurance deductible(s).
- e) Property taxes and other assessments levied pursuant to recorded or official documents.
- f) Utility costs including water, sewer, trash, electricity, gas, and other services mandated by local, state and/or federal regulations.

g) Property Management and administrative fees, so long as they are reasonable, competitive and customary and do not exceed 10% of the annual operating expense rental amount.

h) Exterior maintenance including windows, parking lot, off-site parking, lighting, fencing, landscaping, etc.

i) Operating expense rent reserve funds to maintain the minimum balance of \$72,000 over the term of the Lease.

j) Any other expenses which in accordance with generally accepted accounting principals and BOMA standards, consistently applied, and normally treated as an operating expense by landlords of comparable buildings and comparable lease terms.

Operating expenses SHALL not include the following:

a) Depreciation of the building and/or equipment therein.

b) Landlord's or Property Management Firm's executive salaries.

c) Real Estate Broker Commissions and advertising expenses.

d) Legal and consulting fees, excluding County Counsel fees.

e) Costs related to any capital improvements.

f) Accounting, audit or verification fees, excluding Community Development Community fees.

g) Any bad debt losses, rent losses or reserves for bad debt or rent loss.

h) Permit, license, and inspection costs associated with any tenant improvements.

i) Interest points or fees on debt or amortization on any mortgage(s).

j) Fees relating to any ground leases.

k) Costs associated with the remediation or mitigation of Hazardous Materials.

m) Costs associated with the operation and maintenance of the Aquatic Programs Pool Facility.

n) Costs to replace or repair the basic structure of the Building and Premises.

o) Any other expenses which in accordance with generally accepted accounting principals, consistently applied, would not normally be treated as an operating expense by landlords of comparable buildings and comparable lease terms.

Landlord shall keep at its offices full, accurate and separate books of account covering Operating expenses. The books of account shall be retained by Landlord at its offices for a period of at least thirty-six (36) months after the expiration of each calendar year. Lessee shall have the right, at all times during the term, and up to thirty-six (36) months after termination of this Lease, to inspect and audit the books of account.

31. CAPITAL IMPROVEMENT RENT ADJUSTMENT. Within thirty (30) calendar days after the twenty-fourth (24th) month of the term and every twenty-four (24) months thereafter, Landlord shall provide Tenant with full accounting statements of the beginning balance of the capital improvement account, all income into the capital improvement account and all capital improvement expenses incurred and paid over the previous twenty-four (24) month period.

Upon a written request from Landlord enumerating and documenting the reason for the request (such as a sudden increase in the actual Capital Improvement Expenses, the depletion of the fund due to an emergency, etc.), the Capital Improvement Rent, as set forth in Paragraph 5, shall, subject to approval by the County's Chief Administrative Officer, be adjusted upwards to reflect actual capital improvement expense requirements. Such approval shall not be unreasonably withheld by the Tenant. In the event, such approval is withheld, Landlord and Tenant agree to submit the matter to arbitration, whereby the arbitration ruling shall be binding.

At the end of the 120th month of the term or at the termination of this Lease, whichever is sooner, total Capital Improvement Rent funds in excess of \$250,000, collected by Landlord from all tenants but not expended, shall be refunded to Tenant in a lump sum based on Tenant's proportionate share within 30 calendar days of Tenant's review of the accounting statements.

Capital Improvement expenses shall include, without limitation, all reasonable and necessary costs of any kind paid or incurred for the replacement of the basic structure and equipment of the Building and Premises, and any expenses Landlord may incur pursuant to Section 8 ("COMPLIANCE WITH LAW").

Notwithstanding the termination of this Lease, Capital Improvement Rent funds shall not be used to cover or fund any current or future expenses associated with the operation, maintenance, repair or replacement of the Aquatic Programs Pool Facility nor shall they be used for any current or future Community Development Commission's projects, fixed or overhead costs that are not directly related to the subject Building.

Landlord shall keep at its offices full, accurate and separate books of account covering Capital Improvement expenses. The books of account shall be retained by Landlord at its offices for a period of at least thirty-six (36) months after the expiration of each calendar year. Lessee shall have the right, at all times during the term, and up to thirty-six (36) months after termination of this Lease, to inspect and audit the books of account. Capital Improvement Rent funds shall be maintained in an interest bearing account with a reputable local financial institution.

32. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Administrative Officer of the County or its delegatee (the "Chief Administrative Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Operating Expense Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

33. ACKNOWLEDGEMENT BY LANDLORD.

Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Operating Expense Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County.

(iv) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Operating Expense Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(v) Landlord may furnish information concerning the County and subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) as may be required by any of its funding sources (HUD, CDBG, etc.) or by operation of law. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(vi) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

COMMUNITY DEVELOPMENT
COMMISSION OF THE COUNTY OF LOS
ANGELES

APPROVED AS TO FORM:

By:

Lloyd W. Pellman
County Counsel

Carlos Jackson

Executive Director

By: _____
Deputy: Eric Young

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By:

Name: _____

Chair, Board of Supervisors

ATTEST:

Violet Varona-Lukens
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

Lloyd W. Pellman
County Counsel

By: Francis E. Scott
Deputy: Francis E. Scott

EXHIBIT A

FLOOR PLAN OF PREMISES

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EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

LOTS 243 THROUGH 248 INCLUSIVE, LOTS 240, 241, AND 242, EXCEPT THEREFROM THAT PORTION LYING NORTHERLY OF A LINE PARALLEL TO AND DISTANT 150.00 FEET, SOUTHERLY MEASURED AT RIGHT ANGLES FROM THE NORTHERLY LINE OF LOTS 223, 224, AND 225, AND LOTS 217 THROUGH 222 INCLUSIVE, EXCEPT THEREFROM THE NORTHERLY 100.00 FEET ALL IN TRACT NO. 4949 IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 64, PAGES 51 AND 52 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE SOUTHERLY 10 FEET OF LOT 240.

ALSO EXCEPTING FROM LOT 220 THEREFROM ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES UNDERLYING SAID LAND, OR THAT MAY BE OBTAINED THEREON OR THEREUNDER, IT BEING UNDERSTOOD THAT THIS RESERVATION SHALL GIVE THE GRANTOR, NO RIGHT TO ENTER UPON THE SURFACE OF SAID LAND, AS RESERVED BY DEED RECORDED AUGUST 26, 1929 IN BOOK 7144, PAGE 391, OFFICIAL RECORDS.

ALSO EXCEPTING FROM LOT 221 ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES UNDERLYING SAID LAND, OR THAT MAY BE OBTAINED THEREON OR THEREUNDER IT BEING UNDERSTOOD THAT THIS RESERVATION SHALL GIVE THE GRANTOR, NO RIGHT TO ENTER UPON THE SURFACE OF SAID LAND, AS RESERVED BY DEED RECORDED AUGUST 26, 1929 IN BOOK 9313, PAGE 373, OFFICIAL RECORDS.

ALSO EXCEPTING FROM LOT 240 ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES LYING BELOW THE SURFACE OF SAID PROPERTY, BUT WITH NO RIGHT OF SURFACE ENTRY AS PROVIDED IN DEED RECORDED IN BOOK 7462, PAGE 35, OFFICIAL RECORDS.

ALSO EXCEPTING FROM LOTS 243 AND 244 ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES UNDERLYING SAID LOT, OR THAT MAY BE OBTAINED THEREON OR THEREUNDER, IT BEING UNDERSTOOD THAT THIS RESERVATION SHALL GIVE TO SAID GRANTOR, HIS HEIRS OR ASSIGNS NO RIGHT TO ENTER UPON THE SURFACE, AS RESERVED IN DEED RECORDED IN BOOK 21987, PAGE 56, OFFICIAL RECORDS.

ALSO EXCEPTING FROM LOT 245 ALL OIL, GAS ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES UNDERLYING SAID LOT, OR THAT MAY BE OBTAINED THEREON OR THEREUNDER, IT BEING UNDERSTOOD THAT THIS RESERVATION SHALL GIVE TO SAID GRANTOR, HIS HEIRS OR ASSIGNS NO RIGHT TO ENTER UPON THE SURFACE, AS RESERVED IN DEED RECORDED IN BOOK 4657, PAGE 314, OFFICIAL RECORDS.

ALSO, EXCEPTING FROM LOTS 246, 247 AND 248 AND ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES UNDERLYING SAID LAND, WITHOUT RIGHT OF SURFACE ENTRY AS RESERVED IN DEED RECORDED IN BOOK 4652, PAGE 353, OFFICIAL RECORDS.

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated _____, 2003, between County of Los Angeles, a body politic and corporate ("Tenant"), and Community Development Commission of the County of Los Angeles ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 4701 East Cesar Chavez Avenue, Los Angeles ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

(1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");

(2) Tenant has accepted possession of the Premises and now occupies the same;

(3) The Lease commenced on _____ ("Commencement Date");

(4) The Premises contain _____ rentable square feet of space; and

(5) Basic Rent Per Month is _____.

IN WITNESS WHEREOF, this Memorandum is executed this ____ day of _____, 200__.

"Tenant"	"Landlord"
COUNTY OF LOS ANGELES, a body politic and corporate	_____, a _____
By: _____ Name: _____ Its: _____	By: _____ Name: _____ Its: _____

EXHIBIT D
HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings: maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

The above HVAC Standards shall not apply to the first floor space designated as "Child Care Area".

EXHIBIT E

CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
- K. Floors washed as needed.
- L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.
- F. Carpet professionally spot cleaned as required to remove stains.
- G. HVAC chiller water checked for bacteria, water conditioned as necessary.

4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
- B. Wood furniture polished.
- C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
- D. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

- A. Windows washed as required inside and outside but not less frequently than twice annually.
- B. All painted wall and door surfaces washed and stains removed.
- C. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

- A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.
- B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
- C. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

- A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.
- B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.
- C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) heavy traffic areas as needed with a minimum frequency of bi-monthly [six (6) times per year]; (ii) moderate traffic areas cleaned as needed with a minimum of once every six (6) months [two (2) times per year]; and (iii) clean light traffic areas a minimum of once per year. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.
- D. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence"). The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute and Occurrence for the purpose of determining the frequency of this work.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

EXHIBIT F
COMMON AREAS RULES

The second floor library/conference room is a common area to be shared by the tenants of the Building. The library/conference room is reserved for the exclusive use of the County from 6:30 am to 1:00 pm Monday through Friday. The library/conference room is reserved for the exclusive use of ALMA Family Services from 1:00 pm to closing Monday through Friday. The library/conference room is to be left in a neat and clean condition at the end of each tenants' period of exclusive use. The tenants may agree by mutual consent to change the period of exclusive use on a day by day basis or permanent basis. The Landlord must be notified in writing within five (5) days by the County and ALMA Family Services of any permanent change in the tenants' periods of exclusive use for the library/conference room.

ALMA Family Services shall maintain and coordinate a signup sheet for use of the library/conference room for Saturday and Sunday. The County shall submit a request to ALMA Family Services for Saturday and Sunday use of the library/conference room.

ADDENDUM TO LEASE

THIS ADDENDUM TO LEASE ("Addendum") is attached to and constitutes an integral part of the Lease between the COMMUNITY DEVELOPMENT COMMISSION of the County of Los Angeles, a public body, politic and corporate ("Landlord"), and the COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"). The terms of this Addendum shall be incorporated in the Lease for all purposes. All words and phrases not specifically defined in this Addendum shall have the same meaning as in the Lease.

The following new Sections are hereby added to the Lease which state in their entirety as follows:

34. New Section 34- Option to Extend. A new Section 34 hereby is added to the Lease which states in its entirety as follows:

(a) Terms of Options. Provided that no material Default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have Two (2) options to renew this Lease for an additional period of Five (5) years each (respectively, the "First Extension Term" and the "Second Extension Term", and collectively, the "Extension Term(s)").

(b) Exercise of Option. Tenant must exercise its options to extend this Lease by giving Landlord written notice of its election to do so no later than One Hundred Twenty (120) calendar days prior to the end of the initial Term, or the First Extension Term, as applicable.

(c) Terms and Conditions of Extension Terms. The Extension Terms shall be based on all the prevailing terms and conditions of this Lease, including Basic Rent, Operating Expense Rent and Capital Improvement Rent. In no event shall Landlord be responsible for payment of any brokerage fees or commissions to any broker or finder retained by Tenant or representing Tenant.

(d) Amendment of Lease. Only the Board of Supervisors can execute an amendment to exercise the option to renew.

35. New Section 35 - Right of First Offer to Lease Additional Premises. A new Section 35 hereby is added to the Lease which states in its entirety as follows:

(a) Provided that no material Default has occurred and is continuing under the Lease, if at any time, Landlord intends to offer leasable space located contiguous to the Premises (the "Additional Premises") for lease to third parties or to accept an offer of a third party to lease the Additional Premises, Landlord shall first give written notice to Tenant thereof ("Landlord's Lease Notice"). Landlord's Lease Notice shall constitute an offer to lease the Additional Premises to Tenant at the prevailing rental rate and upon the terms and conditions contained in Landlord's Lease Notice and shall state the anticipated date of availability of the Additional Premises. Tenant shall have sixty (60) calendar days after receipt of Landlord's Lease Notice to accept such offer. Tenant shall accept such offer, if at all, only by delivery to Landlord of Tenant's irrevocable written commitment to lease the Additional Premises (the "Expansion Commitment").

(b) If Tenant delivers to Landlord the Expansion Commitment within such sixty (60) calendar day period, all (but not part) of the Additional Premises shall be leased to Tenant commencing on the earlier of (a) the date Tenant first uses the Additional Premises for the Permitted Use, and continuing for a period of time coterminous with the remaining Term, including any options to extend the Term. Tenant shall lease the Additional Premises upon the same terms, conditions and covenants as are contained in the Lease.

(c) Except as otherwise set forth in Landlord's Lease Notice, possession of the Additional Premises shall be delivered to Tenant on an "as-is" basis. Landlord shall prepare and Landlord and Tenant shall execute and deliver a written agreement modifying and supplementing the Lease and specifying that the Additional Premises are part of the Premises.

(d) Time is of the essence with respect to the exercise by Tenant of its rights granted hereunder. In the event Tenant fails to deliver to Landlord Tenant's Expansion Commitment within the ninety (90) calendar day period prescribed above, all rights of Tenant to lease the Additional Premises shall terminate and Landlord shall have no further obligation to notify Tenant of any proposed leasing of the Additional Premises, and Landlord shall thereafter have the unconditional right to lease the Additional Premises to third parties or to accept offers from third parties to lease the Additional Premises without further obligation to Tenant.